



3015 (02-09-04)

ANNUAL REPORT

OF

Name: TOWN OF CALEDONIA - WATER UTILITY - DISTRICT NO. 1

Principal Office: 6922 NICHOLSON ROAD
CALEDONIA, WI 53108

For the Year Ended: DECEMBER 31, 1997

WATER, ELECTRIC, OR JOINT UTILITY TO PUBLIC SERVICE COMMISSION OF WISCONSIN

P.O. Box 7854
Madison, WI 53707-7854
(608) 266-3766

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IDENTIFICATION AND OWNERSHIP

Exact Utility Name: TOWN OF CALEDONIA - WATER UTILITY - DISTRICT NO. 1**Utility Address:** 6922 NICHOLSON ROAD
CALEDONIA, WI 53108**When was utility organized?** 1/1/1963**Report any change in name:****Effective Date:****Utility Web Site:**

Utility employee in charge of correspondence concerning this report:

Name: EMIL PUCELY**Title:** CONSULTING MANAGER**Office Address:**6922 NICHOLSON ROAD
CALEDONIA, WI 53108**Telephone:** (414) 835 - 6421**Fax Number:** (414) 835 - 2388**E-mail Address:**

Individual or firm, if other than utility employee, preparing this report:

Name: ERDMAN & HOYT S.C.**Title:** CPA'S**Office Address:** ERDMAN & HOYT S.C.6921 MARINER DR. SUITE A
RACINE, WI 53406**Telephone:** (414) 884 - 8990**Fax Number:** (414) 884 - 8992**E-mail Address:**

Are records of utility audited by individuals or firms, other than utility employee? YES

Individual or firm, if other than utility employee, auditing utility records:

Name: CONLEY MCDONALD**Title:** CPA'S**Office Address:** CONLEY MCDONALD19601 WEST BLUEMOND RD. SUITE 3
BROOKFIELD, WI 53045-5974**Telephone:** (414) 796 - 0701**Fax Number:** (414) 796 - 8422**E-mail Address:****Date of most recent audit report:** 6/20/1997**Period covered by most recent audit:** 1/1/1996 TO 12/31/1996

IDENTIFICATION AND OWNERSHIP

Names and titles of utility management including manager or superintendent:

Name: EMIL PUCELY**Title:** CONSULTING MANAGER**Office Address:**6922 NICHOLSON ROAD
CALEDONIA, WI 53108**Telephone:** (414) 835 - 6421**Fax Number:** (414) 835 - 2388**E-mail Address:**

Name of utility commission/committee:

Names of members of utility commission/committee:RONALD KELAND
ROBERT WITKE
WAYNE WORDEN

Is sewer service rendered by the utility? NO**If "yes," has the municipality, by ordinance, combined the water and sewer service into a single public utility, as provided by Wis. Stat. § 66.077 of the Wisconsin Statutes?** NO**Date of Ordinance:** **Are any of the utility administrative or operational functions under contract or agreement with an outside provider for the year covered by this annual report and/or current year (i.e., operation of water or sewer treatment plant)?** NO

Provide the following information regarding the provider(s) of contract services:

Firm Name:

Contact Person:**Title:****Telephone:****Fax Number:****E-mail Address:**

Contract/Agreement beginning-ending dates:**Provide a brief description of the nature of Contract Operations being provided:**

INCOME STATEMENT

Particulars (a)	This Year (b)	Last Year (c)	
UTILITY OPERATING INCOME			
Operating Revenues (400)	179,940	168,323	1
Operating Expenses:			
Operation and Maintenance Expense (401)	182,775	160,915	2
Depreciation Expense (403)	12,923	12,857	3
Amortization Expense (404)	0		4
Taxes (408)	2,652	1,959	5
Total Operating Expenses	198,350	175,731	
Net Operating Income	(18,410)	(7,408)	
Income from Utility Plant Leased to Others (412-413)	0		6
Utility Operating Income	(18,410)	(7,408)	
OTHER INCOME			
Income from Merchandising, Jobbing and Contract Work (415-416)	0		7
Nonoperating Rental Income (418)	0		8
Interest and Dividend Income (419)	115,055		9
Miscellaneous Nonoperating Income (421)	0		10
Total Other Income	115,055	0	
Total Income	96,645	(7,408)	
MISCELLANEOUS INCOME DEDUCTIONS			
Miscellaneous Amortization (425)	0		11
Other Income Deductions (426)	0		12
Total Miscellaneous Income Deductions	0	0	
Income Before Interest Charges	96,645	(7,408)	
INTEREST CHARGES			
Interest on Long-Term Debt (427)	85,595		13
Amortization of Debt Discount and Expense (428)	1,835		14
Amortization of Premium on Debt--Cr. (429)			15
Interest on Debt to Municipality (430)	7,764	8,046	16
Other Interest Expense (431)	0		17
Interest Charged to Construction--Cr. (432)			18
Total Interest Charges	95,194	8,046	
Net Income	1,451	(15,454)	
EARNED SURPLUS			
Unappropriated Earned Surplus (Beginning of Year) (216)	28,049	43,503	19
Balance Transferred from Income (433)	1,451	(15,454)	20
Miscellaneous Credits to Surplus (434)	0		21
Miscellaneous Debits to Surplus--Debit (435)	0		22
Appropriations of Surplus--Debit (436)	0		23
Appropriations of Income to Municipal Funds--Debit (439)	0		24
Total Unappropriated Earned Surplus End of Year (216)	29,500	28,049	

INCOME STATEMENT ACCOUNT DETAILS

1. Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.
2. Nonregulated sewer income should be reported as Miscellaneous Nonoperating Income, Account 421.

Description of Item (a)	Amount (b)	
Revenues from Utility Plant Leased to Others (412):		
NONE		1
Total (Acct. 412):	0	
Expenses of Utility Plant Leased to Others (413):		
NONE		2
Total (Acct. 413):	0	
Nonoperating Rental Income (418):		
NONE		3
Total (Acct. 418):	0	
Interest and Dividend Income (419):		
STATE INVESTMENT POOL INTEREST INCOME	113,630	4
OTHER INTEREST INCOME	1,425	5
Total (Acct. 419):	115,055	
Miscellaneous Nonoperating Income (421):		
NONE		6
Total (Acct. 421):	0	
Miscellaneous Amortization (425):		
NONE		7
Total (Acct. 425):	0	
Other Income Deductions (426):		
NONE		8
Total (Acct. 426):	0	
Miscellaneous Credits to Surplus (434):		
NONE		9
Total (Acct. 434):	0	
Miscellaneous Debits to Surplus (435):		
NONE		10
Total (Acct. 435)--Debit:	0	
Appropriations of Surplus (436):		
Detail appropriations to (from) account 215		11
Total (Acct. 436)--Debit:	0	
Appropriations of Income to Municipal Funds (439):		
NONE		12
Total (Acct. 439)--Debit:	0	

INCOME FROM MERCHANDISING, JOBBING & CONTRACT WORK (ACCTS. 415-416)

Particulars (a)	Water (b)	Electric (c)	Sewer (d)	Gas (e)	Total (f)	
Revenues (account 415)					0	1
Costs and Expenses of Merchandising, Jobbing and Contract Work (416):						
Cost of merchandise sold					0	2
Payroll					0	3
Materials					0	4
Taxes					0	5
Other (list by major classes):					0	6
Total costs and expenses	0	0	0	0	0	
Net income (or loss)	0	0	0	0	0	

REVENUES SUBJECT TO WISCONSIN REMAINDER ASSESSMENT

1. Report data necessary to calculate revenue subject to Wisconsin remainder assessment pursuant to Wis. Stat. § 196.85(2) and Wis. Admin. Code Ch. PSC 5.
2. If the sewer department is not regulated by the PSC, do not report sewer department data in column (d).

Description (a)	Water Utility (b)	Electric Utility (c)	Sewer Utility (Regulated Only) (d)	Gas Utility (e)	Total (f)	
Total operating revenues	179,940	0	0	0	179,940	1
Less: interdepartmental sales	0		0	0	0	2
Less: interdepartmental rents					0	3
Less: return on net investment in meters charged to regulated sewer department. (Do not report if nonregulated sewer.)	0				0	4
Less: uncollectibles directly expensed as reported in water acct. 904 (690 class D), sewer acct. 843, and electric acct. 904 (590 class D) -or- Net write-offs when Accumulated Provision for Uncollectible Accounts (acct. 144) is maintained					0	5
Other Increases or (Decreases) to Operating Revenues - Specify:						
.					0	6
Revenues subject to Wisconsin Remainder Assessment	179,940	0	0	0	179,940	

BALANCE SHEET

Assets and Other Debits (a)	Balance End of Year (b)	Balance First of Year (c)	
UTILITY PLANT			
Utility Plant (100)	1,122,734	1,018,394	1
Less: Accumulated Provision for Depreciation and Amortization of Utility Plant (110)	211,690	198,767	2
Net Utility Plant	911,044	819,627	
OTHER PROPERTY AND INVESTMENTS			
Nonutility Property (121)	0	0	3
Less: Accumulated Provision for Depreciation and Amortization of Nonutility Property (122)	0	0	4
Net Nonutility Property	0	0	
Investment in Municipality (123)	0		5
Other Investments (124)	0		6
Special Funds (125)	0		7
Total Other Property and Investments	0	0	
CURRENT AND ACCRUED ASSETS			
Cash and Working Funds (131)	71,391	(21,794)	8
Temporary Cash Investments (132)	1,840,000		9
Notes Receivable (141)	0		10
Customer Accounts Receivable (142)	38,559	45,564	11
Other Accounts Receivable (143)	0		12
Accumulated Provision for Uncollectible Accounts- -Cr. (144)	0	0	13
Receivables from Municipality (145)	15,789		14
Materials and Supplies (150)	0	0	15
Prepayments (165)	0		16
Other Current and Accrued Assets (170)	9,945		17
Total Current and Accrued Assets	1,975,684	23,770	
DEFERRED DEBITS			
Unamortized Debt Discount and Expense (181)	16,051		18
Extraordinary Property Losses (182)	0		19
Other Deferred Debits (183)	0		20
Total Deferred Debits	16,051	0	
Total Assets and Other Debits	2,902,779	843,397	

BALANCE SHEET

Liabilities and Other Credits (a)	Balance End of Year (b)	Balance First of Year (c)	
PROPRIETARY CAPITAL			
Capital Paid in by Municipality (200)	150,000	0	21
Appropriated Earned Surplus (215)			22
Unappropriated Earned Surplus (216)	29,500	28,049	23
Total Proprietary Capital	179,500	28,049	
LONG-TERM DEBT			
Bonds (221)	0		24
Advances from Municipality (223)	154,074	171,193	25
Other long-Term Debt (224)	1,900,000		26
Total Long-Term Debt	2,054,074	171,193	
CURRENT AND ACCRUED LIABILITIES			
Notes Payable (231)	0		27
Accounts Payable (232)	21,118	17,936	28
Payables to Municipality (233)	21,450	27,590	29
Customer Deposits (235)			30
Taxes Accrued (236)	0	0	31
Interest Accrued (237)	27,534	0	32
Other Current and Accrued Liabilities (238)	1,751	1,277	33
Total Current and Accrued Liabilities	71,853	46,803	
DEFERRED CREDITS			
Unamortized Premium on Debt (251)	0		34
Customer Advances for Construction (252)			35
Other Deferred Credits (253)	0		36
Total Deferred Credits	0	0	
OPERATING RESERVES			
Miscellaneous Operating Reserves (265)			37
Total Operating Reserves	0	0	
CONTRIBUTIONS IN AID OF CONSTRUCTION			
Contributions in Aid of Construction (271)	597,352	597,352	38
Total Liabilities and Other Credits	2,902,779	843,397	

NET UTILITY PLANT

Report utility plant accounts and related accumulated provisions for depreciation and amortization after allocation of common plant accounts and related provisions for depreciation and amortization to utility departments as of December 31.

Particulars (a)	Water (b)	Sewer (c)	Gas (d)	Electric (e)	
Plant Accounts:					
Utility Plant in Service (100)	848,686	0	0	0	1
Utility Plant Purchased or Sold (391)					2
Utility Plant in Process of Reclassification (392)					3
Utility Plant Leased to Others (393)					4
Property Held for Future Use (394)					5
Construction Work in Progress (395)	274,048				6
Utility Plant Acquisition Adjustments (396)					7
Other Utility Plant Adjustments (397)					8
Total Utility Plant	1,122,734	0	0	0	
Accumulated Provision for Depreciation and Amortization:					
Accumulated Provision for Depreciation of Utility Plant in Service (110)	211,690	0	0	0	9
Total Accumulated Provision	211,690	0	0	0	
Net Utility Plant	911,044	0	0	0	

ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT

Depreciation Accruals (Credits) during the year:

1. Report the amounts charged in the operating sections to Depreciation Expense (403).
2. If sewer operations are nonregulated, do not report sewer depreciation on this schedule.
3. Report the Depreciation Expense on Meters charged to sewer operations as an addition in the Water column.
If the sewer is also a regulated utility by the PSC, report an equal amount as a reduction in the Sewer column.
4. Report all other accruals charged to other accounts, such as to clearing accounts.

Particulars (a)	Water (b)	(c)	(d)	(e)	Total (f)	
Balance first of year	198,767				198,767	1
Credits During Year						2
Accruals:						3
Charged depreciation expense (403)	12,923				12,923	4
Depreciation expense on meters						5
charged to sewer (see Note 3)					0	6
Accruals charged other						7
accounts (specify):						8
					0	9
Salvage					0	10
Other credits (specify):						11
					0	12
Total credits	12,923	0	0	0	12,923	13
Debits during year						14
Book cost of plant retired	0				0	15
Cost of removal					0	16
Other debits (specify):						17
					0	18
Total debits	0	0	0	0	0	19
Balance End of Year	211,690	0	0	0	211,690	20
Composite Depreciation Rate?	Yes					21
If yes, what is the rate?	1.57%					22

NET NONUTILITY PROPERTY (ACCTS. 121 & 122)

1. Report separately each item of property with a book cost of \$5,000 or more included in account 121.
2. Other items may be grouped by classes of property.
3. Describe in detail any investment in sewer department carried in this account.

Description (a)	Balance First of Year (b)	Additions During Year (c)	Deductions During Year (d)	Balance End of Year (e)	
Nonregulated sewer plant				0	1
Other (specify):				0	2
Total Nonutility Property (121)	0	0	0	0	
Less accum. prov. depr. & amort. (122)				0	3
Net Nonutility Property	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	

ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS-CR. (ACCT. 144)

Particulars (a)	Amount (b)
Balance first of year	1
Additions:	
Provision for uncollectibles during year	2
Collection of accounts previously written off: Utility Customers	3
Collection of accounts previously written off: Others	4
Total Additions	<u>0</u>
Deductions:	
Accounts written off during the year: Utility Customers	5
Accounts written off during the year: Others	6
Total accounts written off	<u>0</u>
Balance end of year	<u><u>0</u></u>

MATERIALS AND SUPPLIES

Account (a)	Generation (b)	Transmission (c)	Distribution (d)	Other (e)	Total End of Year (f)	Amount Prior Year (g)
Electric Utility						
Fuel for generation					0	1
Other					0	2
Total Electric Utility					<u>0</u>	<u>0</u>

Account	Total End of Year	Amount Prior Year	
Electric utility total	0	0	1
Water utility			2
Sewer utility			3
Gas utility			4
Merchandise			5
Other materials & supplies			6
Total Materials and Supplies	<u>0</u>	<u>0</u>	

UNAMORTIZED DEBT DISCOUNT & EXPENSE & PREMIUM ON DEBT (ACCTS. 181 AND 251)

Report net discount and expense or premium separately for each security issue.

Debt Issue to Which Related (a)	Written Off During Year		Balance End of Year (d)	
	Amount (b)	Account Charged or Credited (c)		
Unamortized debt discount & expense (181)				
1997 DEBT DISCOUNT	17,885	1834	16,051	1
Total			16,051	
Unamortized premium on debt (251)				
NONE	0	0	0	2
Total			0	

CAPITAL PAID IN BY MUNICIPALITY (ACCT. 200)

Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D, sewer and privates) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.

Particulars (a)	Amount (b)	
Balance first of year		1
Changes during year (explain):		
MILL TAX LEVY FOR FUTURE WATER EXPANSION	150,000	2
Balance end of year	150,000	

BONDS (ACCT. 221)

1. Report hereunder information required for each separate issue of bonds.
2. If there is more than one interest rate for an aggregate obligation issue, average the interest rates and report one rate.
3. Proceeds advanced by the municipality from sale of general obligation bonds, if repayable by utility, should be included in account 223.

Description of Issue (a)	Date of Issue (b)	Final Maturity Date (c)	Interest Rate (d)	Principal Amount End of Year (e)
-------------------------------------	----------------------------------	--	----------------------------------	---

NONE

NOTES PAYABLE & MISCELLANEOUS LONG-TERM DEBT

1. Report each class of debt included in Accounts 223, 224 and 231.
2. Proceeds of general obligation issues, if subject to repayment by the utility, should be included in Account 223.
3. If there is more than one interest rate for an aggregate obligation issue, average the interest rates and report one rate.

Account and Description of Obligation (a and b)	Date of Issue (c)	Final Maturity Date (d)	Interest Rate (e)	Principal Amount End of Year (f)	
Advances (223)					
LOAN FROM TOWN OF CALEDONIA	01/01/1996	03/15/2006	5.00%	154,074	1
Total for Account 223				154,074	
Other Long-Term Debt (224)					
GENERAL OBLIGATION NOTE	01/01/1997	04/01/2006	4.00%	1,900,000	2
Total for Account 224				1,900,000	

TAXES ACCRUED (ACCT. 236)

Particulars (a)	Amount (b)
Balance first of year	1
Accruals:	
Charged water department expense	2
Charged electric department expense	3
Charged sewer department expense	4
Other (explain):	5
Total Accruals and other credits	<u>0</u>
Taxes paid during year:	
County, state and local taxes	6
Social Security taxes	7
PSC Remainder Assessment	8
Other (explain):	9
Total payments and other debits	<u>0</u>
Balance end of year	<u><u>0</u></u>

INTEREST ACCRUED (ACCT. 237)

1. Report below interest accrued on each utility obligation.
 2. Report Customer Deposits under Account 231.

Description of Issue (a)	Interest Accrued Balance First of Year (b)	Interest Accrued During Year (c)	Interest Paid During Year (d)	Interest Accrued Balance End of Year (e)	
Bonds (221)					
NONE				0	1
Subtotal	0	0	0	0	
Advances from Municipality (223)					
ADVANCES TO MUNICIPALITY		7,764	1,629	6,135	2
Subtotal	0	7,764	1,629	6,135	
Other long-Term Debt (224)					
General Obligation Note		85,595	64,196	21,399	3
Subtotal	0	85,595	64,196	21,399	
Notes Payable (231)					
NONE				0	4
Subtotal	0	0	0	0	
Total	0	93,359	65,825	27,534	

CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCOUNT 271)

Particulars (a)	Water (b)	Electric		Sewer (e)	Gas (f)	Total (g)	
		Distribution (c)	Other (d)				
Balance First of Year	597,352					597,352	1
Add credits during year:							
For Services						0	2
For Mains						0	3
Other (specify):							
NONE						0	4
Deduct charges (specify):							
NONE						0	5
Balance End of Year	597,352	0	0	0	0	597,352	
Amount of federal and state grants in aid received for utility construction included in End of Year totals						0	6

BALANCE SHEET END-OF-YEAR ACCOUNT BALANCES

Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.

Particulars (a)	Balance End of Year (b)	
Investment in Municipality (123):		
NONE		1
Total (Acct. 123):	0	
Other Investments (124):		
NONE		2
Total (Acct. 124):	0	
Special Funds (125):		
NONE		3
Total (Acct. 125):	0	
Notes Receivable (141):		
NONE		4
Total (Acct. 141):	0	
Customer Accounts Receivable (142):		
Water	38,559	5
Electric		6
Sewer (Regulated)		7
Other (specify):		
NONE		8
Total (Acct. 142):	38,559	
Other Accounts Receivable (143):		
Sewer (Non-regulated)		9
Merchandising, jobbing and contract work		10
Other (specify):		
NONE		11
Total (Acct. 143):	0	
Receivables from Municipality (145):		
DELINQUENT CUSTOMER A/R TAX ROLL	15,789	12
Total (Acct. 145):	15,789	
Prepayments (165):		
NONE		13
Total (Acct. 165):	0	
Extraordinary Property Losses (182):		
NONE		14
Total (Acct. 182):	0	
Other Deferred Debits (183):		
NONE		15
Total (Acct. 183):	0	

BALANCE SHEET END-OF-YEAR ACCOUNT BALANCES

Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.

Particulars (a)	Balance End of Year (b)	
Payables to Municipality (233):		
BLANK	21,450	16
Total (Acct. 233):	21,450	
Other Deferred Credits (253):		
NONE		17
Total (Acct. 253):	0	

RETURN ON RATE BASE COMPUTATION

1. The data used in calculating rate base are averages.
2. Calculate those averages by summing the first-of-year and the end-of-year figures for each account and then dividing the sum by two.
3. Note: Do not include property held for future use or construction work in progress with utility plant in service. These are not rate base components.

Average Rate Base (a)	Water (b)	Electric (c)	Sewer (d)	Gas (e)	Total (f)	
Add Average:						
Utility Plant in Service	845,536	0	0	0	845,536	1
Materials and Supplies	0	0	0	0	0	2
Other (specify):					0	3
Less Average:						
Reserve for Depreciation	205,228	0	0	0	205,228	4
Customer Advances for Construction					0	5
Contributions in Aid of Construction	597,352	0	0	0	597,352	6
Other (specify):					0	7
Average Net Rate Base	42,956	0	0	0	42,956	
Net Operating Income	(18,410)	0	0	0	(18,410)	8
Net Operating Income as a percent of						
Average Net Rate Base	-42.86%	N/A	N/A	N/A	-42.86%	

RETURN ON PROPRIETARY CAPITAL COMPUTATION

1. The data used in calculating proprietary capital are averages.
2. Calculate those averages by summing the first-of-year and end-of-year figures for each account and then dividing by two.

Description (a)	Amount (b)	
Average Proprietary Capital		
Capital Paid in by Municipality	75,000	1
Appropriated Earned Surplus	0	2
Unappropriated Earned Surplus	28,774	3
Other (Specify):		4
Total Average Proprietary Capital	103,774	
Net Income		
Net Income	1,451	5
Percent Return on Proprietary Capital	1.40%	

IMPORTANT CHANGES DURING THE YEAR

Report changes of any of the following types:

1. Acquisitions.

2. Leaseholder changes.

3. Extensions of service.

4. Estimated changes in revenues due to rate changes.

5. Obligations incurred or assumed, excluding commercial paper.

THE WATER DEPARTMENT INCURRED 1.9 MILLION IN DEBT FOR CONSTRUCTION PROJECTS.

6. Formal proceedings with the Public Service Commission.

7. Any additional matters.

FINANCIAL SECTION FOOTNOTES

Signature Page (Page ii)

REPORT FILED MANUALLY BY THE UTILITY. REVISED TO CONFORM TO THE ELECTRONIC
PROGRAM, KEYED AND EDITED BY PSC STAFF.

FINANCIAL SECTION FOOTNOTES

Identification and Ownership (Page iv)

July 7, 1998

Mr. Emil Pucely, Manager
Caledonia Water Utility
6922 Nicholson Road
Caledonia, WI 53108-9648

Re: 1997 Analytical Review File DWCCA-0900-RL

Dear Mr. Pucely:

The Public Service Commission (PSC) is in the process of completing an analytical review of your utility's 1997 annual report. The purposes of an analytical review are to detect possible reporting or accounting related errors and to identify significant fluctuations from established trends in reported data not sufficiently explained in the annual report. It is our hope that our review will supply information that will enable us to better provide guidance to your utility regarding proper utility accounting and the preparation of future annual reports. In order to complete this review, we request the following information:

1. We noted that as of today's date you have not responded to our 1996 review letter dated July 24, 1997. Please respond to our 1996 review letter when responding to this letter.
2. During our review we noted that the amount reported in the Balance Sheet for Utility Plant, balance end of year, column (b), line 1, does not agree with the amount reported in Utility Plant, page W-9, column (g). Please explain.
3. During our review of the Interest Accrued schedule, page F-16, we noted interest accrued, column (c), minus interest paid, column (d), does not total to what was reported for balance end of year, for line 8 of our copy. Please explain. Also, please note if end of year total is changed this will change the balance shut.
4. In the future, when completing the Notes Payable schedule, page F-14, please provide month and day for column (c), date of issue.
5. During our review of page W-16, we noted Remainder Assessment was not provided on line 4. Please explain.
6. During our review of page W-15, we noted a service added, column (d). Please explain why no dollar are reported in plant, page W-8, column (c), or contributions, page F-17, line 2, for service additions.
7. During our review of the Meters schedule, page W-16, we noted meters retired, column (d). Please explain by no dollars are reported in plant for meter retirements, page W-9, column (e), line 30.
8. The PSC is now using a computerized system to build an annual report data base. It is, therefore, important to have a complete and correct annual report. The following changes have been made in our copy of your 1997

FINANCIAL SECTION FOOTNOTES

annual report. Please confirm these changes or indicate the necessary corrections:

Page Lines Column Reported As Should Be
F-1 13 b Line 16

We appreciate your cooperation in providing the above information. These recommendations are intended to provide accounting assistance and should not be construed as criticisms of utility personnel. If you have any questions, please feel free to contact me at (608) 266-1491. Please respond within 30 days of this letter. If we have no questions regarding your response, you can consider the review closed.

Sincerely,

Roselee Losenegger
Financial Specialist
Division of Water, Compliance, and Consumer Affairs

RL:mo:W:\COMPL\ROSELEE\0900 Caledonia.doc

WATER OPERATING REVENUES & EXPENSES

Particulars (a)	Amounts (b)	
Operating Revenues		
Sales of Water		
Sales of Water (460-467)	178,135	1
Total Sales of Water	178,135	
Other Operating Revenues		
Forfeited Discounts (470)	1,805	2
Other Water Revenues (474)	0	3
Amortization of Construction Grants (475)	0	4
Total Other Operating Revenues	1,805	
Total Operating Revenues	179,940	
Operation and Maintenance Expenses		
Plant Operation and Maintenance Expenses (600-660)	141,004	5
General Operating Expenses (680-690)	41,771	6
Total Operation and Maintenance Expenses	182,775	
Other Operating Expenses		
Depreciation Expense (403)	12,923	7
Amortization Expense (404)		8
Taxes (408)	2,652	9
Total Other Operating Expenses	15,575	
Total Operating Expenses	198,350	
NET OPERATING INCOME	(18,410)	

WATER OPERATING REVENUES - SALES OF WATER

1. Where customer meters record cubic feet, multiply by 7.48 to obtain number of gallons.
2. Report estimated gallons for unmetered sales.
3. Sales to multiple dwelling buildings through a single meter serving 3 or more family units should be classified commercial.
4. Bulk sales should be account 460.

Particulars (a)	Average No. Customers (b)	Thousands of Gallons of Water Sold (c)	Amounts (d)	
Operating Revenues				
Sales of Water				
Unmetered Sales to General Customers (460)				
Residential				1
Commercial				2
Industrial				3
Total Unmetered Sales to General Customers (460)	0	0	0	
Metered Sales to General Customers (461)				
Residential	671	49,135	97,986	4
Commercial	48	16,535	25,490	5
Industrial	6	5,298	7,206	6
Total Metered Sales to General Customers (461)	725	70,968	130,682	
Private Fire Protection Service (462)	8		2,764	7
Public Fire Protection Service (463)			44,689	8
Other Sales to Public Authorities (464)				9
Sales to Irrigation Customers (465)				10
Sales for Resale (466)		0	0	11
Interdepartmental Sales (467)				12
Total Sales of Water	733	70,968	178,135	

SALES FOR RESALE (ACCT. 466)

Use a separate line for each delivery point.

Customer Name (a)	Point of Delivery (b)	Thousands of Gallons Sold (c)	Revenues (d)
------------------------------------	--	--	-------------------------------

NONE

OTHER OPERATING REVENUES (WATER)

1. Report revenues relating to each account and fully describe each item using other than the account title.
2. Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D and privates) and all other lesser amounts grouped as Miscellaneous.
3. For a combined utility which also provides sewer service that is based upon water readings, report the return on net investment in meters charged to sewer department in Other Water Revenues (474).

Particulars (a)	Amount (b)	
Public Fire Protection Service (463):		
Amount billed (usually per rate schedule F-1)	44,689	1
Wholesale fire protection billed		2
Amount billed for fighting fires outside utility's service areas (usually per rate schedule F-2 or BW-1)		3
Other (specify):		
NONE		4
Total Public Fire Protection Service (463)	44,689	
Forfeited Discounts (470):		
Customer late payment charges		5
Other (specify):		
LATE PAYMENT CHARGES	1,805	6
Total Forfeited Discounts (470)	1,805	
Other Water Revenues (474):		
Return on net investment in meters charged to sewer department		7
Other (specify):		
NONE		8
Total Other Water Revenues (474)	0	
Amortization of Construction Grants (475):		
NONE		9
Total Amortization of Construction Grants (475)	0	

WATER OPERATION & MAINTENANCE EXPENSES

Each expense account that has an increase or a decrease when compared to the previous year of greater than 30 percent, but not less than \$2,000, shall be fully explained in the schedule footnotes.

Particulars (a)	Amount (b)	
PLANT OPERATION AND MAINTENANCE EXPENSES		
Salaries and Wages (600)	30,189	1
Purchased Water (610)	99,316	2
Fuel or Power Purchased for Pumping (620)		3
Chemicals (630)		4
Supplies and Expenses (640)	2,529	5
Repairs of Water Plant (650)	7,428	6
Transportation Expenses (660)	1,542	7
Total Plant Operation and Maintenance Expenses	141,004	
GENERAL OPERATING EXPENSES		
Administrative and General Salaries (680)	6,033	8
Office Supplies and Expenses (681)	9,930	9
Outside Services Employed (682)	8,553	10
Insurance Expense (684)	3,364	11
Employees Pensions and Benefits (686)	7,619	12
Regulatory Commission Expenses (688)		13
Miscellaneous General Expenses (689)	6,272	14
Uncollectible Accounts (690)		15
Total General Operating Expenses	41,771	
Total Operation and Maintenance Expenses	182,775	

TAXES (ACCT. 408 - WATER)

When allocation of taxes is made between departments, explain method used.
--

Description of Tax (a)	Method Used to Allocate Between Departments (b)	Amount (c)	
Property Tax Equivalent			1
Less: Local and School Tax Equivalent on Meters Charged to Sewer Department			2
Net property tax equivalent		0	
Social Security		2,420	3
PSC Remainder Assessment		232	4
Other (specify): NONE			5
Total tax expense		2,652	

WATER UTILITY PLANT IN SERVICE

1. All adjustments, corrections and reclassifications should be reported in Column (f), Adjustments.
2. Explain fully as a schedule footnote the nature of all entries reported in Column (f), Adjustments.
3. Explain as a schedule footnote the dollar additions and retirements reported in Columns (c) and (e) for each account over \$10,000 not supported by statistical schedules.
4. Use only the account titles listed. If the utility has subaccounts other than account 372.1, combine them into one total and detail by subaccount as a schedule footnote.

Accounts (a)	Balance First of Year (b)	Additions During Year (c)
INTANGIBLE PLANT		
Organization (301)		1
Franchises and Consents (302)		2
Miscellaneous Intangible Plant (303)		3
Total Intangible Plant	<u>0</u>	<u>0</u>
SOURCE OF SUPPLY PLANT		
Land and Land Rights (310)		4
Structures and Improvements (311)		5
Collecting and Impounding Reservoirs (312)		6
Lake, River and Other Intakes (313)		7
Wells and Springs (314)		8
Infiltration Galleries and Tunnels (315)		9
Supply Mains (316)		10
Other Water Source Plant (317)		11
Total Source of Supply Plant	<u>0</u>	<u>0</u>
PUMPING PLANT		
Land and Land Rights (320)		12
Structures and Improvements (321)		13
Boiler Plant Equipment (322)		14
Other Power Production Equipment (323)		15
Steam Pumping Equipment (324)		16
Electric Pumping Equipment (325)		17
Diesel Pumping Equipment (326)		18
Hydraulic Pumping Equipment (327)		19
Other Pumping Equipment (328)		20
Total Pumping Plant	<u>0</u>	<u>0</u>
WATER TREATMENT PLANT		
Land and Land Rights (330)		21
Structures and Improvements (331)		22
Water Treatment Equipment (332)		23
Total Water Treatment Plant	<u>0</u>	<u>0</u>
TRANSMISSION AND DISTRIBUTION PLANT		
Land and Land Rights (340)		24
Structures and Improvements (341)		25

WATER UTILITY PLANT IN SERVICE (cont.)

Accounts (d)	Retirements During Year (e)	Adjustments Increase or (Decrease) (f)	Balance End of Year (g)
INTANGIBLE PLANT			
Organization (301)			0 1
Franchises and Consents (302)			0 2
Miscellaneous Intangible Plant (303)			0 3
Total Intangible Plant	0	0	0
SOURCE OF SUPPLY PLANT			
Land and Land Rights (310)			0 4
Structures and Improvements (311)			0 5
Collecting and Impounding Reservoirs (312)			0 6
Lake, River and Other Intakes (313)			0 7
Wells and Springs (314)			0 8
Infiltration Galleries and Tunnels (315)			0 9
Supply Mains (316)			0 10
Other Water Source Plant (317)			0 11
Total Source of Supply Plant	0	0	0
PUMPING PLANT			
Land and Land Rights (320)			0 12
Structures and Improvements (321)			0 13
Boiler Plant Equipment (322)			0 14
Other Power Production Equipment (323)			0 15
Steam Pumping Equipment (324)			0 16
Electric Pumping Equipment (325)			0 17
Diesel Pumping Equipment (326)			0 18
Hydraulic Pumping Equipment (327)			0 19
Other Pumping Equipment (328)			0 20
Total Pumping Plant	0	0	0
WATER TREATMENT PLANT			
Land and Land Rights (330)			0 21
Structures and Improvements (331)			0 22
Water Treatment Equipment (332)			0 23
Total Water Treatment Plant	0	0	0
TRANSMISSION AND DISTRIBUTION PLANT			
Land and Land Rights (340)			0 24
Structures and Improvements (341)			0 25

WATER UTILITY PLANT IN SERVICE

1. All adjustments, corrections and reclassifications should be reported in Column (f), Adjustments.
2. Explain fully as a schedule footnote the nature of all entries reported in Column (f), Adjustments.
3. Explain as a schedule footnote the dollar additions and retirements reported in Columns (c) and (e) for each account over \$10,000 not supported by statistical schedules.
4. Use only the account titles listed. If the utility has subaccounts other than account 372.1, combine them into one total and detail by subaccount as a schedule footnote.

Accounts (a)	Balance First of Year (b)	Additions During Year (c)	
TRANSMISSION AND DISTRIBUTION PLANT			
Distribution Reservoirs and Standpipes (342)			26
Transmission and Distribution Mains (343)	587,830		27
Fire Mains (344)			28
Services (345)	104,297		29
Meters (346)	41,098	450	30
Hydrants (348)	69,900		31
Other Transmission and Distribution Plant (349)			32
Total Transmission and Distribution Plant	803,125	450	
GENERAL PLANT			
Land and Land Rights (370)	17,109		33
Structures and Improvements (371)			34
Office Furniture and Equipment (372)	240		35
Computer Equipment (372.1)			36
Transportation Equipment (373)	17,443	5,850	37
Other General Equipment (379)	4,469		38
Other Tangible Property (390)			39
Total General Plant	39,261	5,850	
Total utility plant in service directly assignable	842,386	6,300	
Common Utility Plant Allocated to Water Department			40
Total utility plant in service	842,386	6,300	

WATER UTILITY PLANT IN SERVICE (cont.)

Accounts (d)	Retirements During Year (e)	Adjustments Increase or (Decrease) (f)	Balance End of Year (g)
TRANSMISSION AND DISTRIBUTION PLANT			
Distribution Reservoirs and Standpipes (342)			0 26
Transmission and Distribution Mains (343)			587,830 27
Fire Mains (344)			0 28
Services (345)			104,297 29
Meters (346)			41,548 30
Hydrants (348)			69,900 31
Other Transmission and Distribution Plant (349)			0 32
Total Transmission and Distribution Plant	0	0	803,575
GENERAL PLANT			
Land and Land Rights (370)			17,109 33
Structures and Improvements (371)			0 34
Office Furniture and Equipment (372)			240 35
Computer Equipment (372.1)			0 36
Transportation Equipment (373)			23,293 37
Other General Equipment (379)			4,469 38
Other Tangible Property (390)			0 39
Total General Plant	0	0	45,111
Total utility plant in service directly assignable	0	0	848,686
Common Utility Plant Allocated to Water Department			0 40
Total utility plant in service	0	0	848,686

SOURCE OF SUPPLY, PUMPING AND PURCHASED WATER STATISTICS

Month (a)	Sources of Water Supply			Total Gallons All Methods (000's) (e)	
	Purchased Water Gallons (000's) (b)	Surface Water Gallons (000's) (c)	Ground Water Gallons (000's) (d)		
January				0	1
February				0	2
March	17,864			17,864	3
April				0	4
May				0	5
June	23,563			23,563	6
July				0	7
August				0	8
September	19,760			19,760	9
October				0	10
November				0	11
December	17,999			17,999	12
Total for year	79,186	0	0	79,186	
Less: Measured or estimated water used in main flushing and water treatment during year				500	13
Less: Other utility use					14
Other utility use explanation:					15
Water pumped into distribution system				78,686	16
Less: Water sold				70,968	17
Losses and unaccounted for				7,718	18
Percent unaccounted for to the nearest whole percent (%)				10%	19
If more than 25%, indicate causes and state what action has been taken to reduce water loss:					20
Maximum gallons pumped by all methods in any one day during reporting year					21
Date of maximum:					22
Cause of maximum:					23
Minimum gallons pumped by all methods in any one day during reporting year					24
Date of minimum:					25
Total KWH used for pumping for the year				1	26
If water is purchased: Vendor Name: RACINE WATER UTILITY					27
Point of Delivery: S. END OF N. GREN BAY RD. & DOUGLAS AVE. AND 3 MILE ROAD					28

SOURCES OF WATER SUPPLY - GROUND WATERS

Location (a)	Identification Number (b)	Depth in feet (c)	Well Diameter in inches (d)	Yield Per Day in gallons (e)	Currently In Service? (f)
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NONE

SOURCES OF WATER SUPPLY - SURFACE WATERS

Location (a)	Identification Number (b)	Intakes		
		Distance From Shore in feet (c)	Depth Below Surface in feet (d)	Diameter in inches (e)

NONE

PUMPING & POWER EQUIPMENT

1. Use a separate column for each pump.
2. Indicate purpose of pump by: P for primary (from source to reservoir, treatment or distribution system), B for booster (from reservoir or treatment to distribution system, or within distribution system), or S for standby pumping equipment.
3. Indicate destination (of water pumped) by: R for reservoir, T for treatment or D for distribution system.

Particulars (a)	Unit A (b)	Unit B (c)	Unit C (d)
----------------------------	-----------------------	-----------------------	-----------------------

NONE

RESERVOIRS, STANDPIPES & WATER TREATMENT

1. Identify as R (reservoir), S (standpipe) & ET (elevated tank).
2. Use a separate column for each using additional copies if necessary.
3. Enter elevation difference between highest water level in S or ET, (or R only on an elevated site) and the water main where the connection to the storage begins branching into the distribution system.

Particulars (a)	Unit A (b)	Unit B (c)	Unit C (d)
----------------------------	-----------------------	-----------------------	-----------------------

NONE

WATER MAINS

1. Report mains separately by pipe material, function, diameter and either within or outside the municipal boundaries.
2. Identify pipe material as: L (Lead), M (Metal for all other metal excluding lead), A (Asbestos-cement), or P (Plastic for plastic and all other non-metal excluding asbestos-cement).
3. Identify function as: T (Transmission), D (Distribution) or S (Supply).
4. Explain all reported adjustments as a schedule footnote.
5. For main additions reported in column (e), as a schedule footnote:
 - a. Explain how the additions were financed.
 - b. If assessed against property owners, explain the basis of the assessments.
 - c. If the assessments are deferred, explain.

Number of Feet							
Pipe Material (a)	Main Function (b)	Diameter in Inches (c)	First of Year (d)	Added During Year (e)	Retired During Year (f)	Adjustments Increase or (Decrease) (g)	End of Year (h)
M	T	6.000	17,221				17,221
M	T	8.000	9,654				9,654
P	T	8.000	7,614				7,614
M	T	12.000	19,295				19,295
Total Within Municipality			53,784	0	0	0	53,784
Total Utility			53,784	0	0	0	53,784

1
2
3
4

WATER SERVICES

1. Explain all reported adjustments as a schedule footnote.
2. Report in column (h) the number of utility-owned services included in columns (c) through (g) which are temporarily shut off at the curb box or otherwise not in use at end of year.
3. For services added during the year in column (d), as a schedule footnote:
 - a. Explain how the additions were financed.
 - b. If assessed against property owners, explain the basis of the assessments.
 - c. If installed by a property owner or developer, explain the basis of recording the cost of the additions, the total amount and the number of services recorded under this method.
 - d. If any were financed by application of Cz-1, provide the total amount recorded and the number of services recorded under this method.
4. Report services separately by pipe material and diameter.
5. Identify pipe material as: L (Lead), M (Metal for all other metal excluding lead), A (Asbestos-cement) or P (Plastic for plastic and all other non-metal excluding asbestos-cement).

Pipe Material (a)	Diameter in Inches (b)	First of Year (c)	Added During Year (d)	Removed or Permanently Disconnected During Year (e)	Adjustments Increase or (Decrease) (f)	End of Year (g)	Utility Owned Services Not In Use at End of Year (h)	
M	0.750	398	1			399	8	1
M	1.000	249				249	20	2
M	1.250	7				7		3
M	1.500	30				30		4
M	2.000	3				3		5
M	4.000	11				11		6
M	6.000	2				2		7
M	8.000	1				1		8
M	10.000	1				1		9
M	12.000	1				1		10
Total Utility		703	1	0	0	704	28	

METERS

1. Include in Columns (b), (c), (d), (e) and (f) meters in stock as well as those in service.
2. Report in Column (c) all meters purchased during the year and in Column (d) all meters junked, sold or otherwise permanently retired during the year.
3. Use Column (e) to show correction to previously reported meter count because of inventory or property record corrections.
4. Totals by size in Column (f) should equal same size totals in Column (o).

Number of Utility-Owned Meters

Size of Meter (a)	First of Year (b)	Added During Year (c)	Retired During Year (d)	Adjustments Increase or (Decrease) (e)	End of Year (f)	Tested During Year (g)	
0.625	703	25	24		704	70	1
1.000	5				5		2
1.500	27				27		3
2.000	3				3		4
3.000	1				1		5
Total:	739	25	24	0	740	70	

Classification of All Meters at End of Year by Customers

Size of Meter (h)	Residential (i)	Commercial (j)	Industrial (k)	Public Authority (l)	Wholesale, Inter-Department or Utility Use (m)	In Stock and Deduct Meters (n)	Total (o)	
0.625	676	15	3			10	704	1
1.000		2	1			2	5	2
1.500		27					27	3
2.000		2	1				3	4
3.000						1	1	5
Total:	676	46	5	0	0	13	740	

HYDRANTS AND DISTRIBUTION SYSTEM VALVES

1. Distinguish between fire and flushing hydrants by lead size.
 - a. Fire hydrants normally have a lead size of 6 inches or greater.
 - b. Record as a flushing hydrant where the lead size is less than 6 inches or if pressure is inadequate to provide fire flow.
2. Explain all reported adjustments in the schedule footnotes.
3. Report fire hydrants as within or outside the municipal boundaries.

Hydrant Type (a)	Number In Service First of Year (b)	Added During Year (c)	Removed During Year (d)	Adjustments Increase or (Decrease) (e)	Number In Service End of Year (f)	
Fire Hydrants						
Outside of Municipality					0	1
Within Municipality	123				123	2
Total Fire Hydrants	123	0	0	0	123	
Flushing Hydrants						
					0	3
Total Flushing Hydrants	0	0	0	0	0	

Wis. Admin. Code § 185.87 requires that a schedule shall be adopted and followed for operating each system valve and hydrant at least once each two years. Report the number operated during the year

Number of hydrants operated during year:	123
Number of distribution system valves end of year:	106
Number of distribution valves operated during year:	53

WATER OPERATING SECTION FOOTNOTES

NONE